

Senate File 408 - Introduced

SENATE FILE 408
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO SSB 1217)

A BILL FOR

1 An Act relating to the Iowa finance authority and making an
2 appropriation.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

IOWA JOBS BOARD

Section 1. Section 12.87, subsection 12, Code 2013, is amended to read as follows:

12. Neither the treasurer of state, the Iowa ~~jobs board~~ finance authority, nor any person acting on behalf of the treasurer of state or the Iowa ~~jobs board~~ finance authority while acting within the scope of their employment or agency, is subject to personal liability resulting from carrying out the powers and duties conferred by this section and sections 12.88 through 12.90.

Sec. 2. Section 16.193, subsection 1, Code 2013, is amended to read as follows:

~~1. The Iowa finance authority, subject to approval by the Iowa jobs board, shall adopt administrative rules pursuant to chapter 17A necessary to administer the Iowa jobs program and Iowa jobs II program. The authority shall provide the board with assistance in implementing administrative functions, be responsible for providing technical assistance and application assistance to applicants under the programs, negotiating contracts, and providing project follow up. The authority, in cooperation with the board, may conduct negotiations on behalf of the board with applicants regarding terms and conditions applicable to awards under the program.~~

Sec. 3. Section 16.194, subsection 2, Code 2013, is amended to read as follows:

2. A city or county or a public organization in this state may submit an application to the Iowa ~~jobs board~~ authority for financial assistance for a local infrastructure competitive grant for an eligible project under the program, notwithstanding any limitation on the state's percentage in funding as contained in section 29C.6, subsection 17.

Sec. 4. Section 16.194, subsection 4, unnumbered paragraph 1, Code 2013, is amended to read as follows:

The ~~board~~ authority shall consider the following criteria in

1 evaluating eligible projects to receive financial assistance
2 under the program:

3 Sec. 5. Section 16.194, subsection 7, Code 2013, is amended
4 to read as follows:

5 7. In order for a project to be eligible to receive
6 financial assistance from the ~~board~~ authority, the project
7 must be a public construction project pursuant to subsection 1
8 with a demonstrated substantial local, regional, or statewide
9 economic impact.

10 Sec. 6. Section 16.194, subsection 8, unnumbered paragraph
11 1, Code 2013, is amended to read as follows:

12 The ~~board~~ authority shall not approve an application for
13 assistance for any of the following purposes:

14 Sec. 7. Section 16.194, subsection 9, paragraph b, Code
15 2013, is amended to read as follows:

16 b. Any portion of an amount allocated for projects
17 that remains unexpended or unencumbered one year after the
18 allocation has been made may be reallocated to another project
19 category, at the discretion of the ~~board~~ authority. The ~~board~~
20 authority shall ensure that all bond proceeds be expended
21 within three years from when the allocation was initially made.

22 Sec. 8. Section 16.194, subsection 10, Code 2013, is amended
23 to read as follows:

24 10. The ~~board~~ authority shall ensure that funds obligated
25 under this section are coordinated with other federal program
26 funds received by the state, and that projects receiving funds
27 are located in geographically diverse areas of the state.

28 Sec. 9. Section 16.194A, subsections 2, 7, 9, and 10, Code
29 2013, are amended to read as follows:

30 2. A city or county in this state that applies the smart
31 planning principles and guidelines pursuant to sections 18B.1
32 and 18B.2 may submit an application to the ~~Iowa jobs board~~
33 authority for financial assistance for a local infrastructure
34 competitive grant for an eligible project under the program,
35 notwithstanding any limitation on the state's percentage in

1 funding as contained in section 29C.6, subsection 17.

2 7. In order for a project to be eligible to receive
3 financial assistance from the ~~board~~ authority, the project
4 must be a public construction project pursuant to subsection 1
5 with a demonstrated substantial local, regional, or statewide
6 economic impact.

7 9. Any portion of an amount allocated for projects
8 that remains unexpended or unencumbered one year after the
9 allocation has been made may be reallocated to another project
10 category, at the discretion of the ~~board~~ authority. The ~~board~~
11 authority shall ensure that all bond proceeds be expended
12 within three years from when the allocation was initially made.

13 10. The ~~board~~ authority shall ensure that funds obligated
14 under this section are coordinated with other federal program
15 funds received by the state, and that projects receiving funds
16 are located in geographically diverse areas of the state.

17 Sec. 10. Section 16.194A, subsection 4, unnumbered
18 paragraph 1, Code 2013, is amended to read as follows:

19 The ~~board~~ authority shall consider the following criteria in
20 evaluating eligible projects to receive financial assistance
21 under the program:

22 Sec. 11. Section 16.194A, subsection 8, unnumbered
23 paragraph 1, Code 2013, is amended to read as follows:

24 The ~~board~~ authority shall not approve an application for
25 assistance for any of the following purposes:

26 Sec. 12. Section 16.195, Code 2013, is amended to read as
27 follows:

28 **16.195 Iowa jobs program application review.**

29 1. Applications for assistance under the Iowa jobs program
30 and Iowa jobs II program shall be submitted to the ~~Iowa finance~~
31 authority for review and approval. ~~The authority shall provide~~
32 ~~a staff review and evaluation of applications to the Iowa jobs~~
33 ~~program review committee referred to in subsection 2 and to the~~
34 ~~Iowa jobs board.~~

35 2. ~~A review committee composed of members of the board~~

1 ~~as determined by the board shall review Iowa jobs program~~
 2 ~~applications submitted to the board and make recommendations~~
 3 ~~regarding the applications to the board.~~ When reviewing the
 4 applications, the review committee and the authority shall
 5 consider the project criteria specified in sections 16.194 and
 6 16.194A. The ~~board~~ authority shall develop the appropriate
 7 level of transparency regarding project fund allocations.

8 3. Upon approval of an application for financial assistance
 9 under the program, the ~~board~~ authority shall notify the
 10 treasurer of state regarding the amount of moneys needed to
 11 satisfy the award of financial assistance and the terms of the
 12 award. The treasurer of state shall notify the ~~Iowa finance~~
 13 authority any time moneys are disbursed to a recipient of
 14 financial assistance under the program.

15 Sec. 13. Section 16.196, Code 2013, is amended to read as
 16 follows:

17 16.196 ~~Iowa jobs restricted capitals fund~~ — fund
 18 appropriations.

19 1. ~~An Iowa jobs restricted capitals fund is created and~~
 20 ~~established as a separate and distinct fund in the state~~
 21 ~~treasury. The fund consists of moneys appropriated from~~
 22 ~~the revenue bonds capitals fund created in section 12.88.~~
 23 ~~The moneys in the fund are appropriated to the Iowa jobs~~
 24 ~~board for purposes of the Iowa jobs program established in~~
 25 ~~section 16.194. Moneys in the fund shall not be subject to~~
 26 ~~appropriation for any other purpose by the general assembly,~~
 27 ~~but shall be used only for the purposes of the Iowa jobs~~
 28 ~~program. The treasurer of state shall act as custodian of the~~
 29 ~~fund and disburse moneys contained in the fund. The fund shall~~
 30 ~~be administered by the board which shall make allocations from~~
 31 ~~the fund consistent with the purposes of the Iowa jobs program.~~

32 2. 1. There is appropriated from the revenue bonds capitals
 33 fund created in section 12.88, to the ~~Iowa jobs restricted~~
 34 ~~capitals fund~~ authority, for the fiscal year beginning July 1,
 35 2009, and ending June 30, 2010, one hundred sixty-five million

1 dollars to be allocated as follows:

2 *a.* One hundred eighteen million five hundred thousand
3 dollars for competitive grants for local infrastructure
4 projects relating to disaster rebuilding, reconstruction
5 and replacement of local buildings, flood control and flood
6 protection, and future flood prevention public projects. An
7 applicant for a local infrastructure grant shall not receive
8 more than fifty million dollars in financial assistance from
9 the fund.

10 *b.* Forty-six million five hundred thousand dollars for
11 disaster relief and mitigation and local infrastructure
12 grants for the following renovation and construction projects,
13 notwithstanding any limitation on the state's percentage
14 participation in funding as contained in section 29C.6,
15 subsection 17:

16 (1) For grants to a county with a population between
17 one hundred eighty-nine thousand and one hundred ninety-six
18 thousand in the latest preceding certified federal census, to
19 be distributed as follows:

20 (a) Ten million dollars for the construction of a new,
21 shared facility between nonprofit human service organizations
22 serving the public, especially the needs of low-income Iowans,
23 including those displaced as a result of the disaster of 2008.

24 (b) Five million dollars for the construction or renovation
25 of a facility for a county-funded workshop program serving
26 the public and particularly persons with mental illness or
27 developmental disabilities.

28 (2) For grants to a city with a population between one
29 hundred ten thousand and one hundred twenty thousand in the
30 latest preceding certified federal census, to be distributed
31 as follows:

32 (a) Five million dollars for an economic redevelopment
33 project benefiting the public by improving energy efficiency
34 and the development of alternative and renewable energy
35 technologies.

1 (b) Ten million dollars for a museum serving the public and
2 dedicated to the preservation of an eastern European cultural
3 heritage through the collection, exhibition, preservation, and
4 interpretation of historical artifacts.

5 (c) Five million dollars for a theater serving the public
6 and promoting culture, entertainment, and tourism.

7 (d) Five million dollars for a public library.

8 (e) Five million dollars for a public works building.

9 (3) One million five hundred thousand dollars, to be
10 distributed as follows:

11 (a) Five hundred thousand dollars to a city with a
12 population between six hundred and six hundred fifty in the
13 latest preceding certified federal census, for a public fire
14 station.

15 (b) Five hundred thousand dollars to a city with a
16 population between one thousand four hundred and one thousand
17 five hundred in the latest preceding certified federal census,
18 for a public fire station.

19 (c) Five hundred thousand dollars for a city with a
20 population between seven thousand eight hundred and seven
21 thousand eight hundred fifty, for a public fire station.

22 ~~3.~~ 2. Grant awards for a project under subsection 2 1,
23 paragraph "b", are contingent upon submission of a plan for each
24 project by the applicable county or city governing board or in
25 the case of a project submitted pursuant to subsection 2 1,
26 paragraph "b", subparagraph (2), subparagraph division (b), by
27 the board of directors, to the ~~Iowa jobs board~~ authority, no
28 later than September 1, 2009, detailing a description of the
29 project, the plan to rebuild, and the amount or percentage of
30 federal, state, local, or private matching moneys which will
31 be or have been provided for the project. Funds not utilized
32 in accordance with subsection ~~2, paragraph "b", due to failure~~
33 ~~to file a plan by the September 1 deadline~~ 1, shall revert to
34 the ~~Iowa jobs restricted~~ revenue bonds capitals fund ~~to be~~
35 ~~available for local infrastructure competitive grants.~~ A grant

1 recipient under subsection 2 1, paragraph "b", shall not be
 2 precluded from applying for a local infrastructure competitive
 3 grant pursuant to this section and section 16.195.

4 ~~4. Moneys in the fund are not subject to section 8.33.~~
 5 ~~Notwithstanding section 12C.7, subsection 2, interest or~~
 6 ~~earnings on moneys in the fund shall be credited to the fund.~~

7 5. 3. Annually, on or before January 15 of each year, the
 8 ~~board~~ authority shall report to the legislative services agency
 9 and the department of management the status of all projects
 10 receiving moneys from the fund completed or in progress. The
 11 report shall include a description of the project, the progress
 12 of work completed, the total estimated cost of the project, a
 13 list of all revenue sources being used to fund the project, the
 14 amount of funds expended, the amount of funds obligated, and
 15 the date the project was completed or an estimated completion
 16 date of the project, where applicable.

17 ~~6.~~ 4. Payment of moneys appropriated from the fund shall be
 18 made in a manner that does not adversely affect the tax-exempt
 19 status of any outstanding bonds issued by the treasurer of
 20 state.

21 Sec. 14. Section 16.197, Code 2013, is amended to read as
 22 follows:

23 **16.197 Limitation of liability.**

24 ~~A member of the Iowa jobs board, a person acting on behalf of~~
 25 ~~the board while acting within the scope of their employment or~~
 26 ~~agency, The authority~~ or the treasurer of state, shall not be
 27 subject to personal liability resulting from carrying out the
 28 powers and duties of the ~~board~~ authority or the treasurer, as
 29 applicable, in sections ~~16.192~~ 16.193 through 16.196.

30 Sec. 15. IOWA JOBS BOARD — TRANSITION PROVISIONS —
 31 LIMITATION OF LIABILITY.

32 1. Any contract or agreement issued or entered into by the
 33 Iowa jobs board relating to the provisions of this division
 34 of this Act, in effect on the effective date of this division
 35 of this Act, shall continue in full force and effect and

1 any responsibility of the board relative to the contracts or
2 agreements as provided in those contracts or agreements shall
3 be transferred to the Iowa finance authority.

4 2. A member of the Iowa jobs board or a person acting on
5 behalf of the board while acting within the scope of that
6 person's employment or agency shall not be subject to personal
7 liability resulting from carrying out the powers and duties
8 of the board prior to the effective date of this division of
9 this Act, as applicable, in sections 12.87 through 12.90 and in
10 sections 16.192 through 16.196, Code 2013.

11 Sec. 16. REPEAL. Sections 16.191 and 16.192, Code 2013,
12 are repealed.

13 DIVISION II

14 TITLE GUARANTY

15 Sec. 17. Section 16.1, subsection 1, paragraph ad,
16 subparagraph (7), Code 2013, is amended to read as follows:

17 (7) The Iowa title guaranty program.

18 Sec. 18. Section 16.2A, subsection 1, Code 2013, is amended
19 to read as follows:

20 1. A title guaranty division is created within the
21 authority. The division may also be referred to as Iowa title
22 guaranty. The powers of the division relating to the issuance
23 of title guaranties are vested in and shall be exercised by
24 a division board of five members appointed by the governor
25 subject to confirmation by the senate. The membership of
26 the board shall include an attorney, an abstractor, a real
27 estate broker, a representative of a mortgage lender, and
28 a representative of the housing development industry. The
29 executive director of the authority shall appoint an attorney
30 as director of the title guaranty division, who shall serve
31 as an ex officio member of the board. The appointment of and
32 compensation for the division director are exempt from the
33 merit system provisions of chapter 8A, subchapter IV.

34 Sec. 19. Section 16.91, subsections 1, 3, and 4, Code 2013,
35 are amended to read as follows:

1 1. The authority through the title guaranty division shall
2 initiate and operate a program in which the division shall
3 offer guaranties of real property titles in this state. The
4 terms, conditions, and form of the guaranty contract shall be
5 forms approved by the division board. The division shall fix
6 a charge for the guaranty in an amount sufficient to permit
7 the program to operate on a self-sustaining basis, including
8 payment of administrative costs and the maintenance of an
9 adequate reserve against claims under the Iowa title guaranty
10 program. A title guaranty fund is created in the office of
11 the treasurer of state. Funds collected under this program
12 shall be placed in the title guaranty fund and are available
13 to pay all claims, necessary reserves and all administrative
14 costs of the Iowa title guaranty program. Moneys in the fund
15 shall not revert to the general fund and interest on the
16 moneys in the fund shall be deposited in the housing trust
17 fund established in section 16.181 and shall not accrue to the
18 general fund. If the authority board in consultation with the
19 division board determines that there are surplus funds in the
20 title guaranty fund after providing for adequate reserves and
21 operating expenses of the division, the surplus funds shall be
22 transferred to the housing assistance fund created pursuant to
23 section 16.40.

24 3. With the approval of the authority board the division
25 and its board shall consult with the insurance division of
26 the department of commerce in developing a guaranty contract
27 acceptable to the secondary market and developing any other
28 feature of the program with which the insurance division may
29 have special expertise. The insurance division shall establish
30 the amount for a loss reserve fund. Except as provided in this
31 subsection, the Iowa title guaranty program is not subject to
32 the jurisdiction of or regulation by the insurance division or
33 the commissioner of insurance.

34 4. Each participating attorney and abstractor may be
35 required to pay an annual participation fee to be eligible to

1 participate in the Iowa title guaranty program. The fee, if
2 any, shall be set by the division, subject to the approval of
3 the authority.

4 Sec. 20. Section 16.91, subsection 5, paragraph a,
5 subparagraph (2), Code 2013, is amended to read as follows:

6 (2) Additionally, each participating abstractor is required
7 to own or lease, and maintain and use in the preparation of
8 abstracts, an up-to-date abstract title plant including tract
9 indices for real estate for each county in which abstracts are
10 prepared for real property titles guaranteed by the division.
11 The tract indices shall contain a reference to all instruments
12 affecting the real estate which are recorded in the office of
13 the county recorder, and shall commence not less than forty
14 years prior to the date the abstractor commences participation
15 in the Iowa title guaranty program. However, a participating
16 attorney providing abstract services continuously from November
17 12, 1986, to the date of application, either personally or
18 through persons under the attorney's supervision and control is
19 exempt from the requirements of this subparagraph.

20 Sec. 21. Section 16.91, subsection 8, Code 2013, is amended
21 to read as follows:

22 8. The authority shall adopt rules pursuant to chapter 17A
23 that are necessary for the implementation of the Iowa title
24 guaranty program as established by the division and that have
25 been approved by the authority.

26 Sec. 22. Section 16.92, subsection 1, paragraph g, Code
27 2013, is amended to read as follows:

28 *g. "Participating abstractor"* means an abstractor
29 participating in the Iowa title guaranty program.

30 Sec. 23. Section 447.13, subsection 1, Code 2013, is amended
31 to read as follows:

32 1. The cost of serving the notice, including the cost of
33 sending certified mail notices, and the cost of publication
34 under section 447.10, if publication is required, shall be
35 added to the amount necessary to redeem. The cost of a record

1 search shall also be added to the amount necessary to redeem.
 2 However, if the certificate holder is other than a county, the
 3 search must be performed by an abstractor who is an active
 4 participant in the Iowa title guaranty program under section
 5 16.91 or by an attorney licensed to practice law in the state
 6 of Iowa, and the amount of the cost of the record search that
 7 may be added to the amount necessary to redeem shall not exceed
 8 three hundred dollars.

9

DIVISION III

10

IOWA FINANCE AUTHORITY

11 Sec. 24. Section 7C.4A, subsection 5, Code 2013, is amended
 12 to read as follows:

13 5. Eighteen percent of the state ceiling shall be allocated
 14 to bonds issued by political subdivisions to finance a
 15 qualified industry or industries for the manufacturing,
 16 processing, or assembly of agricultural or manufactured
 17 products even though the processed products may require further
 18 treatment before delivery to the ultimate consumer. A single
 19 project allocated a portion of the state ceiling pursuant to
 20 this subsection shall not receive an allocation in excess of
 21 ~~ten~~ twenty million dollars in any calendar year.

22 Sec. 25. Section 16.5, subsection 1, paragraph o, Code 2013,
 23 is amended to read as follows:

24 o. Contract directly with architects, engineers, attorneys,
 25 accountants, housing construction and finance experts,
 26 and other advisors. However, the authority may enter into
 27 contracts or agreements for such services with local, state, or
 28 federal governmental agencies.

29 Sec. 26. Section 16.26, Code 2013, is amended by adding the
 30 following new subsections:

31 NEW SUBSECTION. 10. In connection with any financing
 32 which involves an out-of-state issuer issuing bonds, notes,
 33 or other obligations for facilities located in the state, the
 34 authority is designated as the only governmental unit in the
 35 state that may conduct the public hearing required by section

1 147(f) of the federal Internal Revenue Code, as defined in
 2 section 422.3, and the governor of Iowa is designated as the
 3 applicable elected representative pursuant to section 147(f) of
 4 the federal Internal Revenue Code, as defined in section 422.3.

5 NEW SUBSECTION. 11. All bonds or notes issued by the
 6 authority in connection with its single family and multifamily
 7 programs are exempt from taxation by this state, and the
 8 interest on the bonds or notes is exempt from state income tax.

9 Sec. 27. Section 16.102, Code 2013, is amended to read as
 10 follows:

11 **16.102 Establishment of bond bank program — bonds and notes**
 12 **— projects.**

13 1. The authority may assist the development and expansion
 14 of family farming, soil conservation, housing, and business
 15 in the state through the establishment of the Iowa economic
 16 development bond bank program. The authority may issue its
 17 bonds or notes, or series of bonds or notes for the purpose of
 18 defraying the cost of one or more projects and make secured
 19 and unsecured loans for the acquisition and construction of
 20 projects on terms the authority determines regardless of
 21 location.

22 2. For purposes of this section, “project” includes real
 23 or personal property connected with a facility that is located
 24 outside of the state if at least fifty percent of the financing
 25 for the program shall be used in the state and if the authority
 26 has conclusively determined that the entity financing or
 27 refinancing property located outside the state, or an affiliate
 28 thereof, is also engaged in the financing or refinancing of
 29 property located within the state, or, alternatively, the
 30 entity seeking the financing or refinancing, or an affiliate
 31 thereof, maintains a presence within the state, and financing
 32 or refinancing the property located outside the state would
 33 promote the economy of the state for the benefit of the health,
 34 welfare, safety, trade, commerce, industry, or economy of the
 35 people of the state.

1 EXPLANATION

2 This bill concerns the Iowa finance authority.

3 Division I eliminates the Iowa jobs board and provides that
4 any duties or responsibilities of the Iowa jobs board shall
5 become the responsibility of the Iowa finance authority. The
6 division also provides transition provisions relative to any
7 contracts or agreements entered into by the Iowa jobs board and
8 provides for a limitation of personal liability for actions by
9 a member or agent of the board taken prior to the effective
10 date of the division relative to the duties of the board.

11 Division II renames the title guaranty program as the
12 Iowa title guaranty program. The bill also allows the title
13 guaranty division to be referred to as Iowa title guaranty.

14 Division III concerns bond activity and the Iowa finance
15 authority.

16 Code section 7C.4A(5), concerning the allocation of
17 the state ceiling on bonds to bonds issued by a political
18 subdivision, is amended to increase the amount any one project
19 may receive from private activity bonds from \$10 million to \$20
20 million.

21 Code section 16.5, describing the general powers of the Iowa
22 finance authority, is amended. The bill grants the power to
23 the authority to contract directly with architects, engineers,
24 attorneys, and other advisors.

25 Code section 16.26, concerning bonds and notes, is amended.
26 The bill provides that for certain bonds, notes, or other
27 obligations, the authority is designated as the governmental
28 unit that may conduct the public hearing required by the
29 federal Internal Revenue Code and the governor of Iowa is
30 designated as the applicable elected representative pursuant to
31 the Internal Revenue Code. In addition, the bill allows for
32 bonds issued for the single family and multifamily programs to
33 be exempt from state income tax.

34 Code section 16.102, concerning the bond bank program, is
35 amended to allow projects for property located outside of the

1 state if at least 50 percent of the financing for the program
2 shall be used in the state and, either the entity financing
3 the property outside the state is also financing property
4 located within the state or the entity maintains a presence in
5 the state and financing the property outside the state would
6 benefit the state.